TITLE I—AGRICULTURAL PROGRAMS

PURPOSE AND NEED

The Concurrent Resolution on the Budget for Fiscal Year 2006, H. Con. Res. 95, directs the Committee on Agriculture to report changes in laws within its jurisdiction to reduce the level of direct spending for the Committee by $173,000,000 in outlays for fiscal year 2006 and $3,000,000,000 in outlays for the period of fiscal years 2006 through 2010.

The nation is facing significant budget pressures and the House is working hard to address them. It is unrealistic to think that we can meet the pressing challenges without reducing federal spending. Mandatory spending today takes up almost 55% of the total federal budget; if left on its current path, in a decade it will consume 60% of the federal budget. $3 billion represents only 1% of mandatory spending within the jurisdiction of this Committee.

While all federal safety net programs, including agriculture, need to be sustainable, the burden of addressing the nation's budget pressures needs to be equitably shared in order to be effective. The provisions passed by the House Committee on Agriculture represent a broad and very balanced response to this Committee's reconciliation instructions. Commodity, conservation, rural development, and research programs, and the food stamp program, all bear some burden but none take a disproportionate cut.

With respect to agricultural commodity programs, the provisions passed by this Committee primarily impact only the direct payments producers receive under Title I of the Farm Security and Rural Investment Act of 2002. The total amount of direct payments to each eligible producer is reduced by 1 percent per year in 2006 through 2009, and the percentage of advance direct payments for which producers are eligible in fiscal years 2006 and 2007 is reduced from 50% to 40%. In addition, $282 million worth of savings is achieved by repealing the special marketing loan provisions for cotton known as "Step-2." Step-2 payments were designed to keep U.S. upland cotton competitive on the world market. However, Brazil successfully argued to a WTO panel that the program is inconsistent with U.S. WTO obligations regarding export subsidies as specified under the Subsidies and Countervailing Measures Agreement.

In several areas, such as conservation, rural development, research and energy, the Committee eliminates funding for programs that were authorized under the Farm Security and Rural Investment Act (the 2002 Farm Bill) but have since been subject to limits and rescissions. These Congressional diversions of mandatory funds have essentially nullified the programs.

In fiscal year 2005 alone, nearly $1.3 billion of mandatory funding for programs that were authorized by the Farm Security and Rural Investment Act of 2002 was eliminated. And since the 2002 Farm Bill, for example, funding for the rural strategic investment grants program was rescinded in each of fiscal years 2003 through 2006. As a result, $100 million was diverted from the program. The rural strategic investment grants program was supposed to provide rural communities with resources to develop strategic planning processes and implement innovative community development strategies.

Likewise, mandatory funding for the agricultural management assistance program, the broadband access program, the value-added agricultural product grants program, the rural business investment program, the rural firefighters and emergency personnel grants, and the renewable energy program has been diverted. So it is by eliminating funding for the rural strategic investment grants program and similarly affected programs that this Committee can avoid making destructive cuts to programs that are both operating and important to producers and rural communities. We are, in effect, reclaiming these funds to help meet the Committee's priorities.

Next, this Committee achieved reductions in food stamp program spending by making slight adjustments to the food stamp eligibility requirements. The Committee enhanced the categorical eligibility provision related to eligibility for the Temporary Assistance for Needy Families (TANF) program in the Food Stamp Act. Under section 1601, persons who are eligible for cash benefit assistance under TANF will be eligible, categorically, for food stamp benefits. Current law provides that individuals receiving TANF assistance of any kind are categorically eligible for food stamp benefits. Recipients who no longer have categorical eligibility status under the amended provision would have the opportunity to be reviewed for food stamp program eligibility independent of their status as a TANF beneficiary. By refining the eligibility requirements, this proposal ensures that this nation’s most needy will continue to receive the food stamp assistance.

Another adjustment this Committee passed relates to the eligibility of non-citizens for food stamp benefits. Under current law, permanent, non-citizen residents of the U.S. are eligible for food stamps after five years of residency. Thus, the current rule represents a drastic deviation from the previous requirement—a record of 40 quarters of work in order to become eligible. This Committee strikes a balance between these disparate historical eligibility requirements by revising the law to require 7 years of residency instead, and notes that a non-citizen may apply for U.S. citizenship status after 5 years of residency and as such would not be further restricted from food stamp eligibility.

The reductions in the food stamp program account for about one-half of one percent of the total food stamp budget: $844 million over five years. Put another way, this accounts for a reduction of about half a penny for every dollar spent on the food stamp program. And while the food stamp program comprises nearly 60 percent of this Committee's mandatory spending, it receives less than 25 percent of the total savings under the package.

Finally, the marginal reductions in the remainder of the provisions keep in tact the safety net for the beneficiaries for which the programs were intended. This holds firm the promise we made to our producers in 2002 and ensures that the nation's most needy will continue to receive federal assistance.

In total, the reductions in commodity programs constitute $1.007 billion worth of savings in the total proposal. Conservation programs account for $760 million in savings. Reductions in research programs contribute $620 million, and rural development program reductions contribute $446 million. Lastly, changes in food stamp program eligibility save an additional $844 million over five years. Together, these reductions produce a savings of $3.7 billion over 5 years.

Putting together a reconciliation package, like writing a farm bill, requires weighing the diverse interests of production agriculture, conservation, research, rural development and nutrition interests. Because this Committee took a broad and balanced approach, we were able to achieve more than the $3 billion the budget resolution requires of us and continue the long standing tradition that agriculture has always been willing to do its part to ensure the fiscal well being of our nation.